



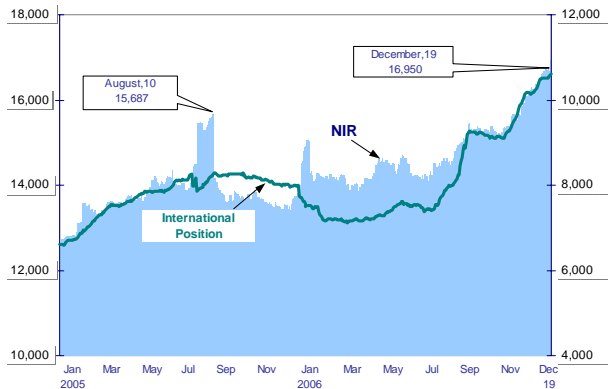
Indicators

- Average interbank interest rate at 4.52 percent as of December 20.
- NIRs: US\$ 16,950 million as of December 19.
- Gross Domestic Product grew 9.8 percent. In October.
- Central Government Surplus at S/.227 millions in November.
- Average exchange rate at S/. 3.210.
- Country risk falls to 126 basis points.
- Lima Stock Exchange grew 10.1 percent.

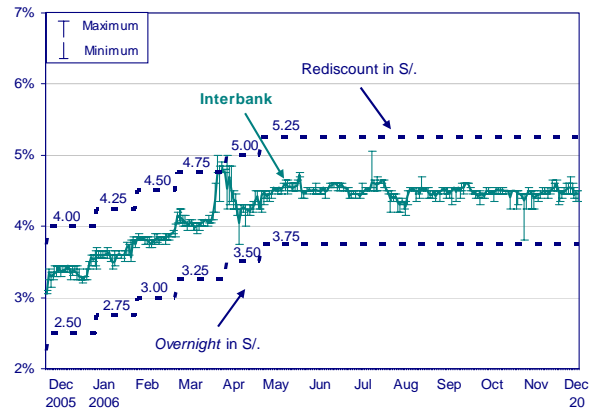
Content

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International Reserve and International Position of the BCRP
January 2005 - December 2006
(Millions of US\$)



Interest Rates in Domestic Currency
(December 2005 - December 2006)



Our website
<http://www.bcrp.gob.pe>

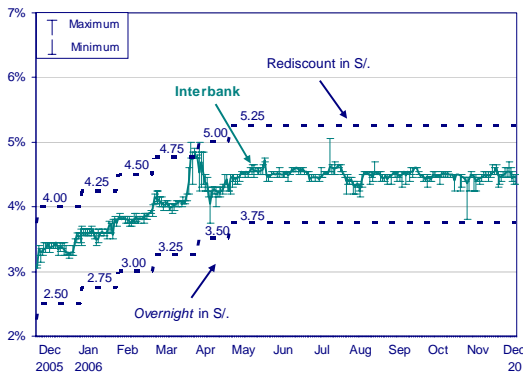
- Informative note on the Monetary Program: December 2006
- Press Release: Statement by an IMF Staff Mission in Peru
- International Reserves: Composition and Performance - August 2006
- The development of China's Export Performance

Average interbank interest rate at 4.52 percent as of December 20.

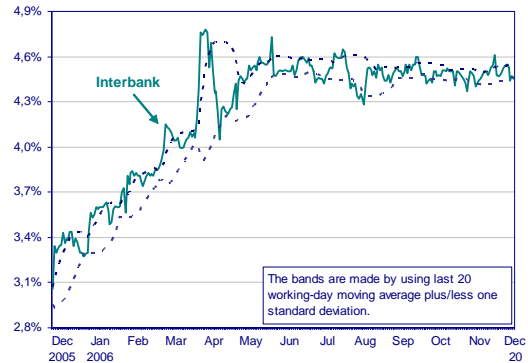
The **average interbank interest rate in domestic currency** decreased from 4.54 percent to 4.45 percent between December 13 and 20; levels of the interbank interest rate, which also showed fluctuations ranging between 4.44 y 4.55 percent. As of December 20, the average monthly interbank interest rate is 4.52 percent, a level higher than that of November (4.48 percent)

Interbank Interest Rate Average (percent)		
	Average	Standard Deviation
December 2004	3.00	0.05
December 2005	3.34	0.08
March 2006	4.12	0.17
June	4.53	0.07
July	4.50	0.06
August	4.44	0.01
September	4.51	0.04
October	4.50	0.04
November	4.48	0.04
December 1-20	4.52	0.05

Interest Rates in Domestic Currency
(December 2005 - December 2006)



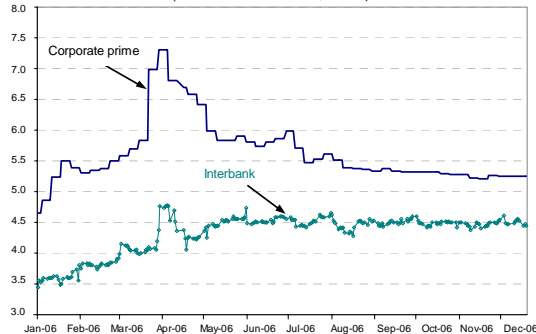
Interbank Interest Rate in Domestic Currency
(December 2005 - December 2006)



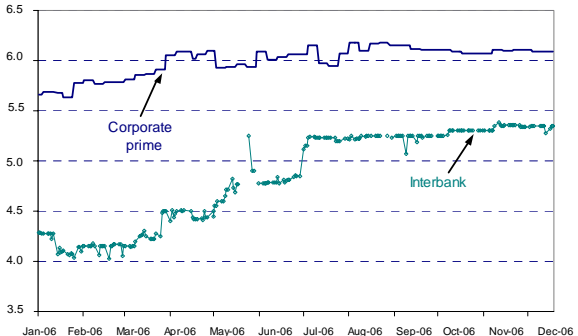
Corporate prime rate in soles remained at 5.25 percent.

From **November 6 to 13**, the 90-day corporate prime rate in soles remained at 5.25 percent, while the corporate prime rate in dollars also remained at 6.09 percent in the same period.

INTEREST RATE IN DOMESTIC CURRENCY
(As of December 20, 2006)



INTEREST RATES IN FOREIGN CURRENCY
(As of December 20, 2006)



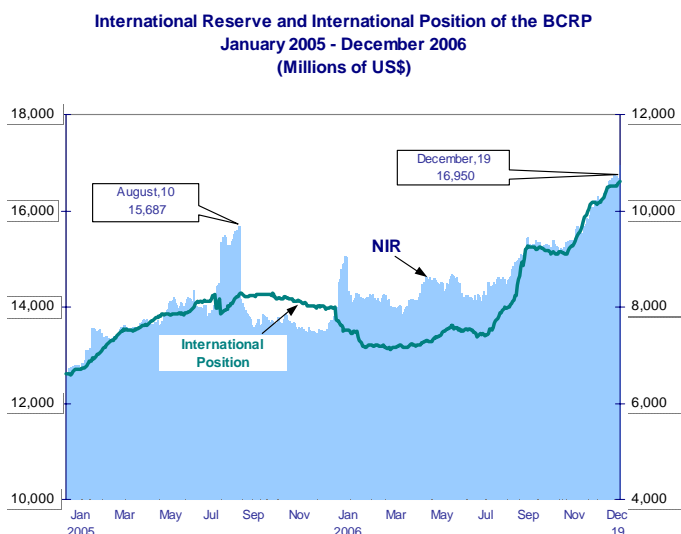
Monetary operations

Between **December 14 and 20**, the Central Bank made the following monetary operations:

- Auctions of BCRP Certificates of Deposits with 1-day maturity for a daily average of S/. 193.3 million on December 18, 19 and 20. The average interest rate on these securities was 4.54 percent;
- Auctions of temporary purchases of securities with 1-day maturity for a daily average of S/. 192.5 million on December 14 and 15, the average interest rate on these securities ranging between 4.64 percent and 4.83 percent;
- Purchases of foreign currency for a total of US\$ 205 million at an average exchange rate of S/. 3.203 per dollar;
- Sales of foreign currency to Public Treasury for a total of US\$ 20 million on December 19;
- Overnight deposits in domestic currency for a total of S/. 1,258.4 million.

International Reserves reach a new historic record of US\$ 16,950 millions at December 19.

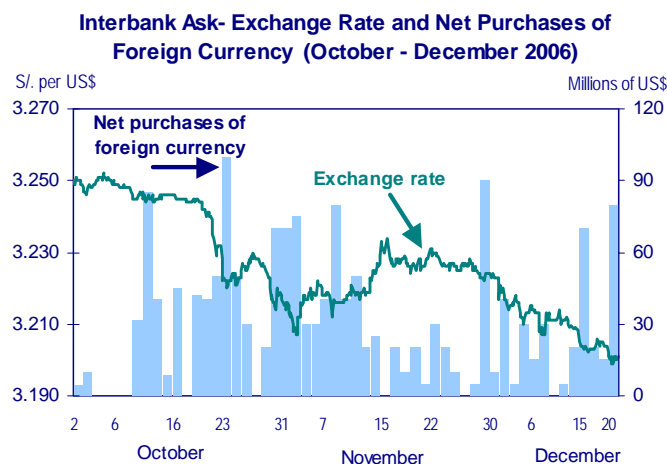
As of **December 19**, net international reserves (NIRs) amounted to US\$ 16,950 million, increasing by US\$ 476 million with respect to the close of November. This increase was mainly due to BCRP exchange operations (US\$ 294 million), to higher deposits from the financial entities (US\$ 188 million) and the public sector (US\$ 72 million). This result was offset by sales of foreign currency to repay the foreign debt (US\$ 50 million) and by lower values of gold (US\$ 25 million). So far this year, NIRs have increased by US\$ 2,853 million.



As of December 19, the Central Bank's **international position** (US\$ 10,609 million) has increased US\$ 3,159 million with respect to the close of 2005.

Average nominal exchange rate: S/. 3,213 per dollar as of December 20

Between **December 13 and 20**, the average ask price of the interbank exchange rate fell from S/. 3.212 to S/. 3.201 per dollar. The average exchange rate as of December 20 was 0.4 percent lower than that of November, as it the exchange rate decreased from S/. 3.223 to S/. 3.210 per dollar. The Central Bank intervened in the exchange market, having purchased a total of US\$ 345 million as of December 20



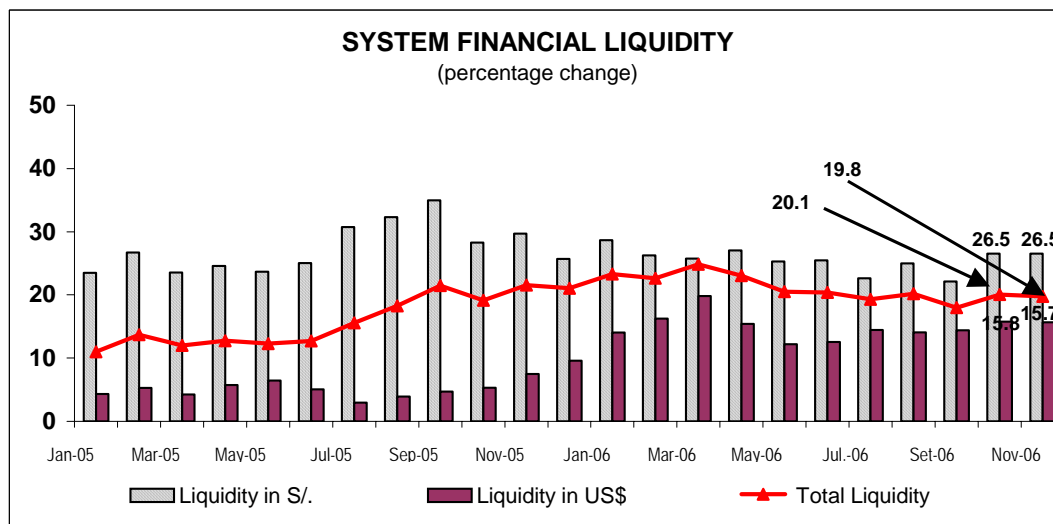
As of December 19, the balance of net forward sales has increased by US\$ 120 million and banks' foreign exchange position has fallen US\$ 33 million with respect to end November.

**BANK'S EXCHANGE POSITION
(Millions of US\$)**

	December 2005	March	Jun	September	October	November	December 19
a. Net sales to the public (i-ii)	1,027	1,579	1,706	860	339	205	85
i. Forward sales to the public	1,813	2,426	2,387	2,020	1,939	1,654	1,870
ii. Forward purchases to the public	785	847	681	1,160	1,600	1,448	1,785
b. Bank's exchange position	480	581	450	383	370	418	385

Evolution of monetary aggregates as of November 30, 2006

Total liquidity in the financial system increased 3.2 percent in November, rising from S/. 114,455 million at end-October to S/. 118,138 million. This increase resulted from both an increase of liquidity in soles (3.5 percent) and liquidity in dollars (2.3 percent). Thus, the annual growth rate of total liquidity was 19.8 percent (20.1 percent in October).



Liquidity in domestic currency in the financial system increased 3.5 percent in November (S/. 2,598 million), amounting to S/. 76,083 million. This result represents an annual growth of 26.5 percent, a rate similar to the one recorded in October.

This higher level of banks' liabilities with the private sector (private businesses and households) in November is mainly explained by a 3.2 percent increase in the pension fund managed by AFPs (S/. 1,357 million). Moreover, less aggregate components of liquidity in soles, such as money and deposits in the financial systems increased by 4 percent (S/. 642 million) and 2.6 percent (S/. 337 million) respectively.

On the other hand, liquidity in foreign currency in the financial system grew 2.3 percent (US\$ 298 million) in this period, as a result of higher liabilities of banks with businesses and households (US\$ 259 million), as well as of the higher value of dollar-denominated participation quotas of the private sector in investment mutual funds (US\$ 49 million).

Total liquidity in the banking system increased by 3.4 percent in November, thus accumulating an annual change of 7.4 percent (6.9 percent in October). The domestic currency component increased 3.7 percent in this month (S/. 1,144 million), thus totaling S/. 32,174 million (annual growth of 10.6 percent). Similarly, liquidity in foreign currency increased 2.8 percent (US\$ 313 million), thus totaling US\$ 11,517 million (annual growth of 11 percent).

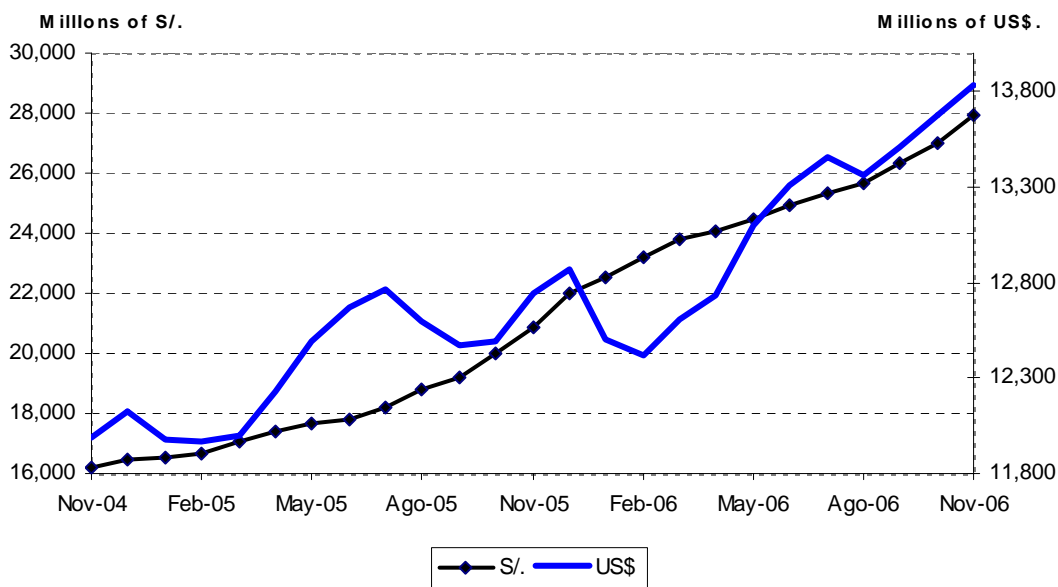
The evolution of the banking system monetary aggregate in soles over the last 12 months (which increased 10.6 percent between October 2005 and October 2006) was associated with a higher growth of currency and deposits (15.8 and 13.3 percent respectively) which outpaced the reduction of BCRP Certificate of Deposits held by non-banking institutions (48.2 percent) with respect to November 2005. On the other hand, the increase of foreign currency liquidity in the banking system over the last 12 months (11 percent) was explained by a 12.5 percent increase in deposits in dollars (US\$ 1,209 million), which was offset by a 10.4 percent decrease of securities and other dollar-denominated liabilities with the private sector (US\$ 72 million).

END OF PERIOD MONETARY AGGREGATES OF THE BANKING SYSTEM												
	BASE MONETARY		LIQUIDITY IN D/C		CREDIT IN D/C		LIQUIDITY IN F/C		LIABILITIES 1/		CREDIT IN F/C	
	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR
2004												
Mar.	0.7%	16.6%	1.5%	12.9%	3.6%	6.3%	0.0%	-5.2%	-4.7%	8.8%	0.5%	-3.7%
Jun.	0.7%	19.2%	-0.1%	14.1%	0.8%	3.9%	3.0%	-1.5%	3.4%	28.4%	0.7%	-0.3%
Sep.	-1.0%	20.5%	2.8%	17.0%	1.6%	8.0%	-0.1%	1.3%	6.5%	30.6%	-1.2%	-0.6%
Dec.	14.9%	25.3%	5.7%	28.1%	1.0%	11.9%	0.8%	1.4%	1.6%	4.5%	1.1%	1.3%
2005												
Mar.	-0.2%	25.7%	3.7%	33.6%	2.8%	12.1%	-2.0%	2.2%	6.0%	27.0%	0.4%	3.4%
Jun.	1.9%	28.1%	2.2%	35.4%	0.8%	16.2%	-0.7%	4.9%	-4.0%	4.7%	1.5%	5.7%
Sep.	-0.1%	31.8%	-0.6%	27.9%	2.0%	21.0%	1.5%	5.5%	-9.8%	-0.9%	-1.4%	4.6%
Oct.	1.2%	27.6%	1.1%	21.2%	3.6%	21.2%	0.2%	6.6%	-11.1%	6.3%	0.1%	5.4%
Nov.	0.7%	27.7%	1.6%	19.7%	5.4%	27.2%	2.8%	9.1%	9.9%	12.1%	1.9%	6.3%
Dec.	13.1%	25.7%	5.3%	19.5%	7.0%	34.8%	3.8%	12.4%	33.9%	48.0%	-0.2%	5.0%
2006												
Jan.	-7.2%	25.0%	-4.8%	13.4%	2.5%	38.3%	2.7%	14.8%	-28.8%	-15.5%	-4.1%	0.4%
Feb.	0.3%	22.9%	1.1%	10.5%	2.5%	41.2%	1.4%	17.0%	8.1%	0.8%	-0.7%	-0.2%
Mar.	0.8%	24.2%	2.1%	8.8%	1.3%	39.2%	2.4%	22.3%	-5.5%	-10.1%	2.5%	1.9%
Apr.	0.3%	18.3%	-4.4%	5.2%	1.3%	38.6%	-2.3%	14.8%	-13.7%	-29.8%	0.6%	0.3%
May.	-1.6%	15.5%	-1.2%	3.9%	0.5%	37.0%	-2.1%	9.4%	1.1%	-27.7%	3.7%	2.1%
Jun.	2.3%	16.0%	0.9%	2.5%	2.1%	38.8%	-0.2%	10.0%	-0.6%	-25.1%	2.0%	2.6%
Jul.	8.0%	11.7%	2.8%	1.8%	1.4%	38.0%	1.4%	12.1%	-15.3%	-40.1%	0.4%	2.4%
Aug.	-4.2%	12.8%	2.6%	6.4%	1.5%	35.5%	-0.3%	11.6%	-0.2%	-37.1%	-0.9%	3.7%
Sep.	0.9%	13.9%	0.7%	7.8%	2.4%	36.0%	-0.1%	9.9%	-10.4%	-37.5%	0.8%	6.0%
Oct.	0.8%	13.5%	1.9%	8.6%	3.4%	35.8%	1.2%	11.0%	26.4%	-11.1%	0.3%	6.2%
Nov.	2.6%	15.6%	3.7%	10.6%	3.9%	33.9%	2.8%	11.0%	15.9%	-6.4%	1.2%	5.5%
Memo:												
Balance as of Oct. 31 (Mill.S/. or Mill.US\$)		11,681		31,030		18,488		11,204		654		10,793
Balance as of Nov. 30 (Mill.S/. or Mill.US\$)		11,983		32,174		19,210		11,517		758		10,924
1/ Short term external liabilities of banking enterprises.												

Credit to the private sector as of November 30, 2006

Banks' credit to the private sector in domestic currency increased 3.3 percent (S/. 893 million) in November, which implied a last-12-month growth of 33.6 percent (S/. 7,020 million). On the other hand, credit to the private sector in foreign currency grew 1.2 percent (US\$ 160 million), which in annual terms represented an expansion of 8.5 percent (US\$ 1,083 million).

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR



The expansion of credit in soles during November was mainly due to banks, accounting for an increase of 3.8 percent (S/.556 million) that resulted mainly from increased commercial loans (which increased by 6.5 percent, or S/. 494 million), mortgage loans (which increased by 8.8 percent, or S/. 59 million), and consumer loans (which increased by 0.2 percent, or S/. 13 million). It should also be pointed out that, between January and November, the total of mortgage loans in soles granted by banks has increased by S/. 453 million. Likewise, an increase was also observed in the case of micro-finance institutions (3.4 percent, or S/. 238 million) and institutional investors (2.7 percent, or S/. 98 million).

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN LOCAL CURRENCY

	Millions of S/.			Percentage change	
	Nov05	Oct06	Nov06	Nov.06/ Nov.05	Nov.06/ Oct.06
Commercial banks 1/	10,782	14,629	15,185	40.8	3.8
Banco de la Nación	1,214	1,307	1,304	7.4	-0.2
Microfinance institutions	5,640	7,070	7,308	29.6	3.4
Banks (microfinance credits)	1,517	1,808	1,908	25.8	5.5
Local government S&Ls	1,795	2,276	2,341	30.4	2.9
Rural S&Ls	335	436	451	34.5	3.4
Cooperatives	598	723	723	20.9	-
Edpymes	331	508	543	64.1	6.9
Financial businesses	1,063	1,319	1,341	26.2	1.7
Institutional Investors 2/	2,946	3,570	3,668	24.5	2.7
AFPS	1,831	2,477	2,557	39.6	3.2
Insurance companies	757	658	658	-13.1	-
Mutual funds	358	436	454	26.7	4.1
Leasing companies and others	317	449	452	42.8	0.8
Total Financial System	20,898	27,025	27,918	33.6	3.3

1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

On the other hand, the expansion of credit in dollars was mainly explained by increased bank loans (which grew 1.1 percent, or US\$ 114 million), mainly due to higher commercial loans. Likewise, fixed income instruments held by institutional investors increased by 1.8 percent (US\$ 33 million), while the loans granted by micro-finance institutions increased by 1.6 percent (US\$ 14 million).

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY

	Millions of US\$			Percentage change	
	Nov05	Oct06	Nov06	Nov.06/ Nov.05	Nov.06/ Oct.06
Commercial banks 1/	9,924	10,300	10,414	4.9	1.1
Banco de la Nación	22	22	22	-0.9	-0.4
Microfinance institutions	763	893	907	18.9	1.6
Banks (microfinance credits)	163	198	204	25.1	3.0
Local government S&Ls	288	338	343	19.4	1.6
Rural S&Ls	55	55	56	1.8	0.9
Cooperatives	166	193	193	15.9	-
Edpymes	55	63	65	19.1	3.2
Financial companies	36	45	46	25.9	0.3
Institutional investors 2/	1,389	1,827	1,860	34.0	1.8
AFPS	690	959	990	43.4	3.2
Insurance companies	124	173	173	39.6	0.0
Mutual funds	574	695	697	21.4	0.3
Leasing companies and others	650	628	627	-3.6	-0.2
Total Financial System	12,747	13,670	13,830	8.5	1.2

1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

Monetary base as of December 15, 2006

The monetary base as of December 15 (S/. 13,371 million) increased 11.6 percent (S/. 1,388 million) with respect to end November due to seasonal reasons associated with the celebration of festivities in the end of the year. In average terms, the monetary base grew at an annual rate of 16.5 percent in this period (14.5 percent in November).

By source, the operations contributing most heavily to the expansion of the monetary base included purchases of foreign currency at the BCRP's Front Desk (US\$ 230 million, or S/. 738 million), lower public sector deposits (S/. 380 million), increased temporary purchases of securities (S/. 190 million), as well as the maturities of both BCRP Readjustable Certificates of Deposits (S/. 270 million) and BCRP Certificate of Deposits (S/. 62 million). Conversely, the monetary base contracted due to higher banks' overnight deposits (S/. 200 million) and sales of foreign currency to the public sector (US\$ 30 million, or S/. 96 million).

Gross Domestic Product: October 2006

In October, the GDP grew **9.8 percent**, thus accumulating a growth of 7.7 percent in the January-October period. **Non-primary activities recorded –like in March– the highest rate this year (12 percent) this month**, due to the significant growth of non-primary manufacturing and construction. On the other hand, growth in the primary sectors was led –for the third consecutive month– by agriculture & livestock and fisheries, while the mining sector recorded the lowest growth rate due to the lower production of gold.

GROSS DOMESTIC PRODUCT (Annual growth rates)

	October		January - October	
	2005	2006	2005	2006
Agriculture and Livestock	6.2	8.4	4.6	5.6
Agriculture	1.5	13.6	4.3	5.6
Livestock	12.6	3.9	5.6	5.8
Fishing	-26.5	6.5	0.2	0.5
Mining and Fuel	14.9	-8.7	6.5	2.6
Metallic mining	16.9	-9.7	5.3	2.2
Natural gas and oil	0.7	2.7	27.4	4.3
Manufacturing	2.9	9.4	6.8	6.2
Based on raw materials	-7.0	5.1	1.3	1.7
Non-primary	5.5	10.3	8.3	7.3
Electricity and water	7.8	7.6	5.3	6.7
Construction	12.4	18.2	7.2	15.5
Commerce	5.8	15.8	5.6	10.6
Other services	7.6	10.6	5.8	8.1
<u>GROSS VALUE ADDED (GVA)</u>	<u>7.1</u>	<u>9.8</u>	<u>5.9</u>	<u>7.8</u>
Taxes on products and import duties	13.3	10.4	8.6	6.1
<u>GDP</u>	<u>7.7</u>	<u>9.8</u>	<u>6.2</u>	<u>7.7</u>
Primary sector GVA	6.2	0.6	4.6	3.8
Non-primary sector GVA	7.3	12.0	6.3	8.9
Domestic demand indicator	8.9	13.6	5.3	9.8

The **sector of agriculture & livestock** grew 8.4 percent. This result reflected the diversified growth of most agricultural products resulting from greater yield favored by good climatic conditions, as well as greater production in the livestock sub-sector as a result of greater domestic demand.

Fishing grew 6.5 percent due to the greater catch of species for human consumption –mainly mackerel and tuna fish– and, to a lesser extent, of anchovy in the southern coast of the country since the prohibition period started in June. With a view to promoting a higher consumption of fish particularly among children, pregnant women and the elderly over 65 years of age, the Ministry of Production announced the implementation of the program “Alimentación desde el Mar”, which will be carried out on the basis of the products produced by the Instituto Tecnológico Pesquero del Perú (ITP).

The **mining and hydrocarbon sector** reduced its activity by 8.7 percent due to a lower production of all metals –except silver, zinc and iron–, offset by a higher production of natural gas in Camisea. This lower mining production is mainly explained by the lower dynamism observed in the extraction of gold and copper and, to a lesser extent, of tin, in accordance with the production plans of the companies operating in this sector.

The **manufacturing sector** grew 9.4 percent due to the increase of non-primary manufacturing (10.3 percent) and primary manufacturing (5.1 percent). Mainly as a result of greater demand, 30 of the 39 industrial groups grew during the month. The expansion observed in the following groups is particularly noteworthy:

- **Metal products (22.5 percent)**, which contributed to growth with 1.2 percentage points due to the greater demand of metal containers for dairy products, fruit, and fish conserves, as well as the greater demand for metal structures for the sectors of construction and commerce for the implementation of new projects.
- **Metal products (22.5 percent)**, which contributed to growth with 1.2 percentage points due to the greater demand of metal containers for dairy products, fruit, and fish conserves, as well as the greater demand for metal structures for the sectors of construction and commerce for the implementation of new projects.
- **Pesticides, fertilizers, plastic composites (66.8 percent)**, contributing 0.8 percentage points to growth due to increased demand in the agricultural sector and to improvement in crop land management.
- **Food conserves, chocolate products and alcoholic beverages (24.3 percent)**, which contributed 0.7 percentage points to growth due mainly to the higher production of fruit juices given increased demand.
- **Wood and furniture (20.0 percent)**, accounting for 0.7 percentage points, due to higher sales in the domestic market as a result of commercial strategies of promotional campaigns.
- **Beer and malt beverages (31.5 percent)**, which contributed 0.6 percentage points to growth given the renewal of inventories for the summer season.
- **Dairy products (20.4 percent)**, contributing 0.6 percentage points to growth due to increased production of evaporated milk as a result of higher demand, particularly in the provinces.
- **Grain mill and bakery products (6.5 percent)**, accounting for 0.5 percentage points of growth as a result of a higher production of flour for the elaboration of bread and bakery products.
- **Yarns, threads and finished textiles (10.6 percent)**, contributing 0.4 percentage points to growth given increased requests from overseas.

Industries with higher increases

Oct 2006

CIU	Oct	
	Var. %	Contrib. % 1/
Metal products	22.5	1.2
Pharmaceutical products	75.3	1.2
Construction materials	23.7	0.8
Pesticides, fertilizers and nitrogen compounds, resins	66.8	0.8
Canned food, chocolates and alcoholic beverages	24.3	0.7
Wood and furniture	20.0	0.7
Beer and malt	31.5	0.6
Textile fibres	10.6	0.4
Subtotal	22.3	7.5
Total	9.4	

1/ Percent contribution to non primary manufacturing

Source: Ministerio de la Producción.

Manufacturing activities based on the processing of raw materials grew as a result of increased production of canned and frozen fish products, meat products, sugar, and fishmeal and fish oil.

The **construction sector** grew 18.2 percent in October, reflecting a 17.6 percent increase in the domestic consumption of cement and a 17.7 percent increase in mortgage loans. Factors contributing to growth in the sector included larger number of works of home self-building, of malls and office buildings both in Lima as in the provinces, as well as works carried out by local governments and increased investment for road development programs (Programas Provías Nacionales).

According to the Ministry of Labor, **employment** in companies with 10 or more workers grew 9.0 percent with respect to October 2005. Employment grew more in cities in the provinces (10.2 percent) than it did in Metropolitan Lima (8.8 percent), especially in the manufacturing industries, in commerce and in the service sector.

In terms of the 21 larger cities in the country, employment grew particularly in Trujillo, Ica, Sullana and Chincha due to the expansion of agribusinesses; in Pisco due fishing activities; and in Talara due to greater dynamism in oil activities.

Outlook for November 2006

Currently available preliminary data on indicators for the sectors of fishing, construction, electricity and water, relevant for economic activity in November, point to the following developments:

- Anchovy catch to drop by 57.2 percent, according to data provided by IMARPE.
- Sales of cement in the domestic market –excluding cement for productive processes at Yanacocha– to increase 14.7 percent, according to Asocem.
- Energy production to increase 8.6 percent, according to the *Comité de Operación Económica del Sistema Interconectado Nacional (COES)*.

Economic surplus of S/. 227 million in November 2006

In contrast with the deficit of S/. 176 million recorded in November 2005, central government operations posted a surplus of S/. 227 million in November. Likewise, the primary result was positive by S/. 657 million, a sum S/. 357 million higher than that of November 2005 (S/. 300 million). This evolution was due to an increase in current revenues (19 percent in real terms), which was higher than that observed in non-financial expenditure (10 percent in real terms). On the other hand, interests (S/. 430 million) were lower by 11 percent than those of November last year..

CENTRAL GOVERNMENT OPERATIONS

(Millions of Nuevos Soles) *

	Monthly data			12-month period			Real % change	
	November		Var% Real	Dec 2004	Nov 2005	Dec 2005	C/A	C/B
	2005	2006		Nov 2005	Oct 2006	Nov 2006		
			A	B	C			
1. CURRENT REVENUES	3,523	4,263	19.2	40 695	50 841	51 581	24.2	1.3
A. TAX REVENUE	3,040	3,719	20.5	35 271	44 062	44 741	24.3	1.4
B. NON TAX REVENUE	483	545	10.9	5 423	6 779	6 840	23.6	0.8
2. NON-FINANCIAL EXPENDITURE	3,242	3,614	9.8	36 784	42 544	42 917	14.4	0.8
A. CURRENT EXPENDITURE	2,803	3,108	9.2	32 418	36 736	37 041	12.0	0.7
B. CAPITAL EXPENDITURE	439	507	13.8	4 367	5 808	5 876	32.1	1.1
3. CAPITAL REVENUES	19	8	-57.9	340	367	356	3.0	-3.1
4. PRIMARY BALANCE	300	657		4 250	8 664	9 020		
5. INTEREST PAYMENTS	476	430	-11.0	4 969	5 480	5 434	7.2	-1.0
6. OVERALL BALANCE	-176	227		- 719	3 183	3 586		
7. NET FINANCING	176	-227		719	-3 183	-3 586		
1. External	-158	-135		-2 785	-2 407	-2 383		
A. Disbursements	85	88		7 086	4 007	4 010		
B. Amortizations	-243	-223		-9 871	-6 414	-6 394		
2. Domestic	329	-94		3 332	-1 066	-1 489		
3. Privatization	5	2		172	290	287		

* To avoid the volatility of monthly series, this chart presents the annual accumulated result. This series are in the chart of Weekly Report

The operations of the central government in the December 2005-November 2006 period recorded a primary accumulated surplus of S/. 9,020 million (S/. 4,250 million in the December 2004 – November 2005 period). This result is explained by higher current revenues which increased by S/.10,886 million (24 percent in real terms), while non-financial expenditures increased by S/. 6,133 million (14 percent in real terms). Moreover, accumulated interests increased 7 percent in real terms, as a result of which the economic surplus amounted to S/3,586 million. This result contrasts with the deficit of S/. 719 million recorded in the December 2004-November 2005 period.

In November, the current revenues of the central government (S/. 4 263 million) increased by 19 percent in real terms with respect to November 2005. This outcome is basically explained by the evolution of tax revenues (S/. 3,719 million), which increased 21 percent in real terms. Factors explaining this result include increased revenues on account of Income Tax (51 percent), Value-added Tax -IGV (15 percent) and the Excise Tax - ISC (22 percent), although these were partially offset by lower revenues on account of Import Duties (4 percent).

In general terms, the positive evolution of tax revenues is associated with the dynamic expansion of economic activity, the price rise of commodities in international markets, the growth of imports, and with tax control and tax collection actions implemented by Sunat. This evolution was partially offset by the elimination of tariffs on crude and derivatives since January 2006. On the other hand, non-tax revenues (S/. 545 million) increased by 11 percent, mainly due to increased resources on account of royalties and special taxes (*canon*) on oil and gas exploitation activities reflecting the higher prices of crude in the international markets.

In November, non-financial expenditure (S/. 3,614 million) grew 10 percent in real terms with respect to November 2005. By group of expenditure, this increase was explained by both an increase in non-financial expenditure (S/. 304 million) and in capital expenditure (S/. 68 million). By line of expenditure, goods and services increased 12 percent in real terms, while transfers increased 10 percent and salaries and wages did so by 7 percent. It should be pointed out that the increase recorded in capital expenditure is explained by an increase in gross capital formation (S/. 65 million), which was 13 percent higher in real terms than that recorded in November 2005.

Financial expenditure (S/. 430 million) was lower than that of November 2005, basically due to a lower external debt service (S/. 77 million) to providers given debt prepayment operations carried out by the end of 2005 and in the beginning of 2006. This was partially offset by an increased internal debt-service (S/. 31 million) for sovereign bonds.

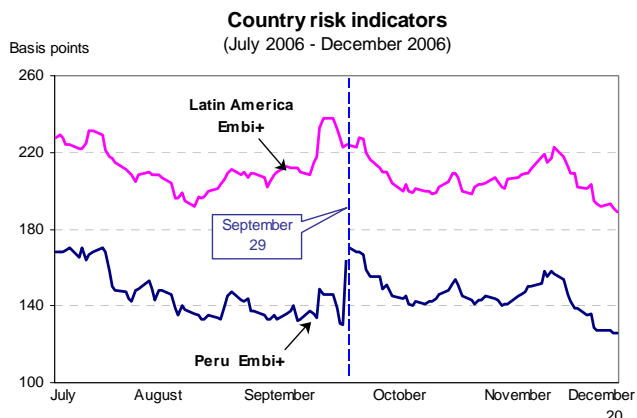
External financing was negative by S/.135 million (US\$ 35 million) as a result of disbursements for a total of US\$ 27 million and amortizations for a total of US\$ 69 million.

Likewise, **domestic financing** was negative by S/. 94 million. Sovereign bonds placed amounted to S/. 433 million, and Public Treasury deposits in domestic currency increased by S/. 425 million, while these deposits in foreign currency increased by US\$ 28 million.

International markets

Country risk recorded a new historical minimum of 126 basis points

Between December 13 and 20, the country risk indicator –measured by the **EMBI+ Peru** spread–decreased from 129 to 126 basis points, recording a new historical minimum. This evolution follows the trend of the emerging debt spreads in the region, favored by the positive economic indicators of the United States.



It should be mention that on September 29, 2006, the Peruvian country risk recorded an increment of 41 basis points, from 130 to 171 basis points, due to a change in the calculus methodology of this indicator by JP Morgan

Metals quotations

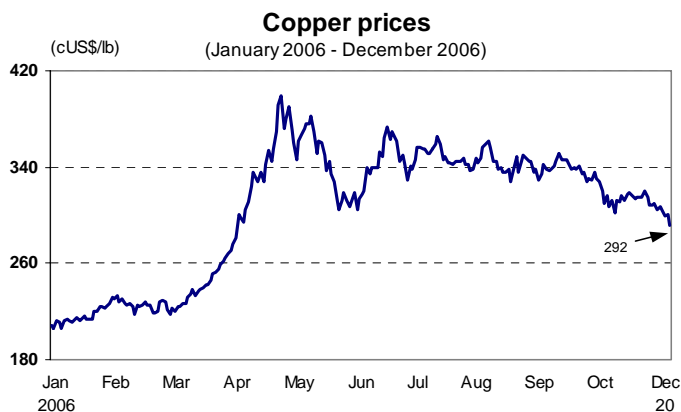
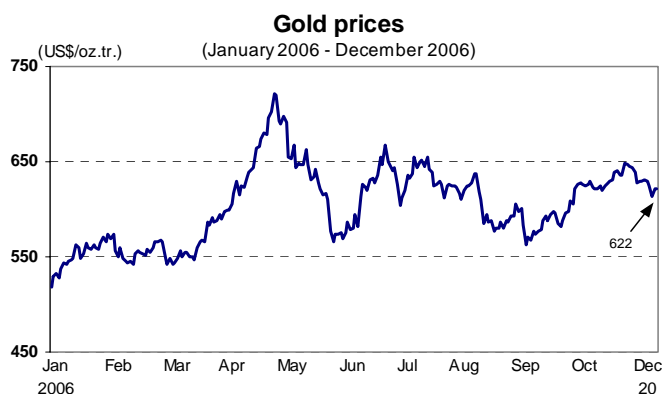
Between December 13 and 20, the **gold** quotation decreased 1.4 percent to US\$ 621.8 per troy ounce, because the strengthening of the dollar reduced the attractiveness of the precious metal as an investment asset, what caused a smaller of investors. Nevertheless, this fall was reduced due to the gold's condition as a hedging asset against inflation, after being known that American government reports showed that the wholesale prices were elevated more than expected.

In the same period, the price of **copper** decreased 4.1 percent to US\$ 2.92 per pound. This evolution responds to the inventories increase in the London Metals Exchange (LME) in 3,5 percent during the week and to the reports that showed that construction permissions of November in the United States fell to its smaller level over the last nine years, thus increasing the expectation of a smaller economic growth in this country.

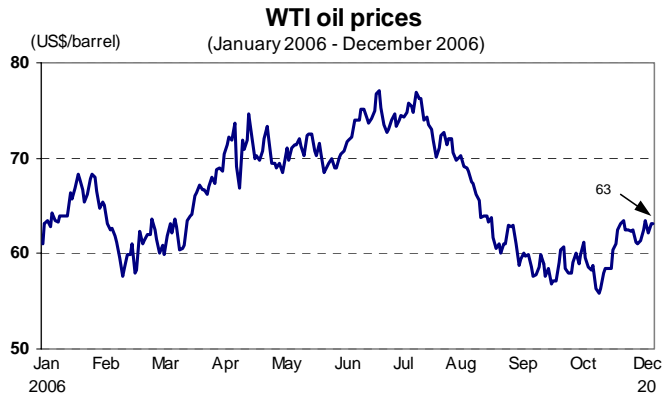
On the other hand, the World Bureau Metal Statistic recorded a surplus of 306 thousand MT in the January-October period, encouraging the expectations of a better balance of the red metal's world supply and demand. Additionally, in this context, the workers of the mine Chuquicamata, of Codelco –the main copper producer of the world– are requesting pay raises after the successive raises in the price of the red metal during the year, increasing the benefits of the mining company.

Between December 13 and 20, the price of **zinc** decreased 2.7 percent to US\$ 1.95 per pound, due to the 1.3 percent increment in the LME inventories during the week, to 87,575 MT, after successive falls in previous months. Nevertheless, solids fundamentals in the level of the demand are still maintained for the beginning of the following year.

On the other hand, the Peru Copper Co. announced the discovery of copper and zinc deposits, adjacent to its copper deposit of Toromocho, located in Junín, Peru. The company reported that, according to the investigations, in the southeast zone there has been found 0,5 percent of copper, 1,03 percent of zinc, 7,24 silver grams per ton and 0,2 grams of gold per ton.



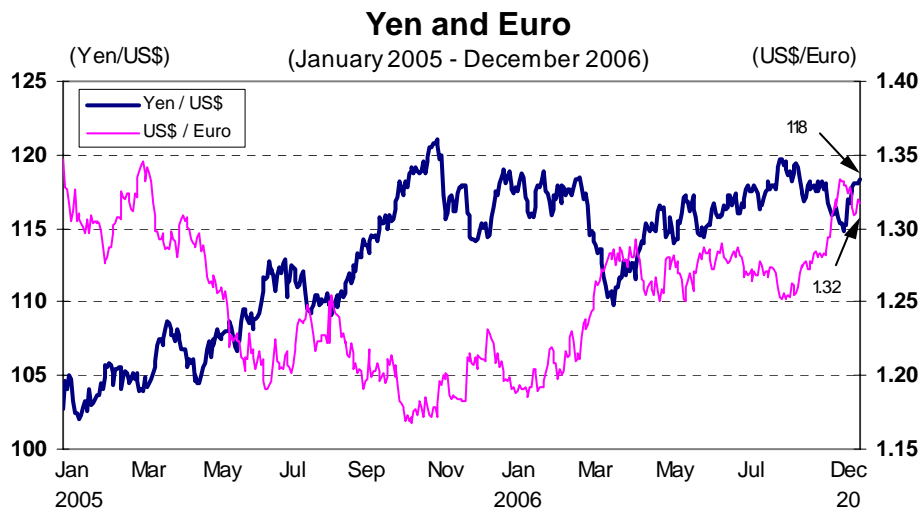
From December 13 to 20, the price of **WTI oil** increased 2.8 percent to US\$ 63.1 per barrel, due to the fall in the crude inventories in the United States, the new trim of the production quota agreed by the OPEC -500 thousand daily barrels since February 1st, the second cut in three months-, the delay of shipments due to the bad weather in the United States and the new terrorist attacks to the Royal Dutch Shell Plc. Co. in Nigeria.



On the other hand, the Department of Energy showed that the crude inventories were reduced, more than expected in 6,3 million MT to 329,1 million MT, in the week ending December 15.

Dollar appreciates against the euro and the yen

In the period of analysis, the **dollar** appreciated 0.3 percent against the **euro** and 0.7 percent against the **yen**. The American currency was fortified after the reduction of the expectations about the Federal Reserve cutting rates for 2007, after the mixed indicators of inflation and the positive ones for activity. Likewise, in the euro Zone, the euro recovered positions after being known that in Germany, the index of business confidence IFO of December increased unexpectedly to its greater level in 16 years. In Asia, the yen was affected by the smaller expectations of the Bank of Japan future rises of its reference rate. On the other hand, on Tuesday December 19, the Bank of Japan maintained its interest rate at 0,25 percentage points.

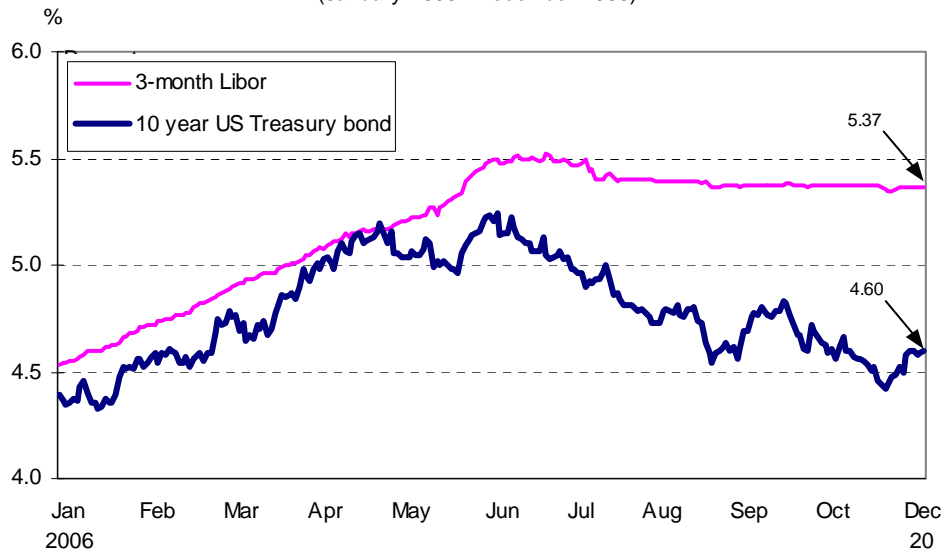


Yield on 10-year US Treasuries increased to 4.60 percent.

From December 13 to 20, the **3-month Libor** increased from 5.36 to 5.37 percent and the yield on the **10-year US Treasuries** increased from 4.58 to 4.60 percent, because the activity reports reinforce the expectations of the market that the United States economy growth will probably have a smaller fall.

3-month Libor and yield on 10-year US Treasury bonds

(January 2006 - December 2006)

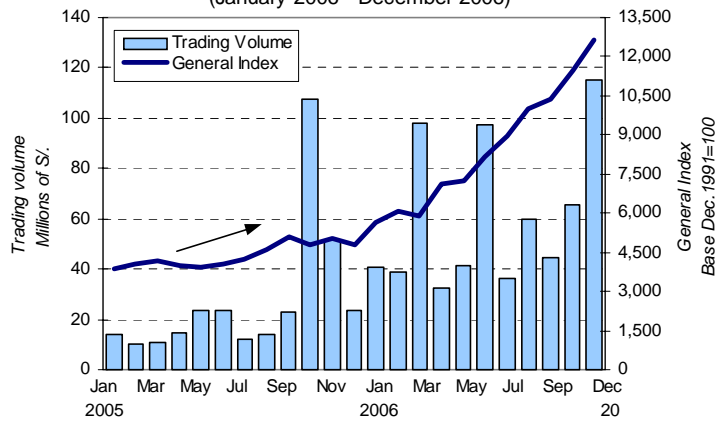


Lima Stock Exchange grew 10.1 percent as of December 20

Between December 1 and December 20, the **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) increased 10.1 and 11.5 percent respectively, boosted by a strong liquidity and by taxpayers relief given that capital gains resulting from operations in the stock market will continue to be tax-exempted. However, most sectors saw a profit-take in the past two days due to the record levels of profitability exhibited in the previous days as well as to the light decline observed in the prices of basic metals.

Lima Stock Exchange Indicators

(January 2006 - December 2006)



So far this year, the **General** and **Blue Chip** Indices at the Lima Stock Exchange have increased 163.4 and 187.0 percent respectively.

